



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Edelen Releases Audit of Fulton County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the sheriff's settlement - 2010 taxes for Fulton County Sheriff Robert Hopper. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account and the other reporting on the audit of the fee account used to operate the office.

The audit found that the sheriff's financial statement fairly presents the taxes charged, credited and paid for the period April 16, 2010, through April 15, 2011, in conformity with the modified cash basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

- **The Fulton County sheriff's office lacks an adequate segregation of duties.** The Fulton County sheriff's office lacks adequate segregation of duties over the accounting and reporting functions of the Sheriff's office. The sheriff's bookkeeper is responsible for receiving cash, preparing deposits, preparing and signing checks, posting to ledgers, preparing monthly bank reconciliation. A lack of segregation of incompatible duties or strong oversight increases the risk that errors could occur and not be detected. This condition is a result of a limited budget, which restricts the number of employees the sheriff can hire or delegate duties.

A proper segregation of duties over the accounting and reporting functions such as receiving cash, recording cash, preparing deposits, writing checks, maintaining ledgers, and reconciling

bank records to the ledgers or implementing compensating controls, when necessary because of a limited number of staff, is essential for providing protection from error occurring and not being detected. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

The Fulton County sheriff should separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliation, comparing financial reports to ledgers. If, due to a limited budget, this is not feasible, cross-checking procedures could be implemented and documented by the individual performing the procedure.

*Sheriff Robert Hopper's response: We are aware of the problem of not having enough people to carry out the duties the way the auditor's office wants but we do check each others work periodically but didn't note it as it should have been for them.*

- **The Fulton County sheriff should not have a deficit in his official tax account.** The Fulton County sheriff has a deficit of \$3,821 in his official tax account. This deficit results from a 10 percent penalty assessed for taxes due the Department of Revenue of \$3,708 and undeposited receipts of \$113. The 10 percent penalty assessed by the Department of Revenue is due to the sheriff not paying the proper amount due the state in a timely manner. The sheriff was unaware that the proper amounts had not been paid due to inaccurate monthly reports from the software program and insufficient internal controls to determine if all tax collections were accounted for. We recommend that the sheriff settle the 2010 tax collections by collecting and paying amounts as itemized on the attached determination of fund balance including covering resulting deficit with personal funds.

*Sheriff Robert Hopper's response: I was totally unaware of this problem that the computer system had. We are working with them to correct this problem.*

- **The Fulton County sheriff should distribute tax collections monthly.** KRS 134.191 states, "the sheriff shall pay all taxes collected due the districts by the 10<sup>th</sup> of the month following collection." The Fulton County sheriff collected \$150,855 in franchise taxes for the year but did not distribute to the taxing districts on a monthly basis. We recommend that the sheriff comply with KRS 134.191 by reporting and distributing franchise tax collections by the 10<sup>th</sup> day of the month following collection.

*Sheriff Robert Hopper's response: This is being taken care of now with me being back to work and having a new book keeper.*

- **The Fulton County sheriff should deposit tax collections timely.** KRS 68.210 gives the state local finance officer the authority to establish minimum accounting procedures, which includes depositing receipts intact on a daily basis into a federally insured financial institution. The Fulton County sheriff did not deposit tax collections on a daily basis. We recommend that the sheriff deposit public funds on a timely basis.

*Sheriff Robert Hopper's response: I wasn't here to see that this wasn't happening but am back and all deposits are being made daily.*

The auditor's office has referred this audit to the attorney general.

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

This report, in its entirety, can be accessed at the following Internet site: [here](#).

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